

## Rating Rationale

### Brickwork Ratings assigns 'BWR BB' & 'BWR A4' for the Bank Loan Facilities aggregating ₹ 20 Cr of Prakash Ply Exim Pvt. Ltd.

Brickwork Ratings has assigned the following **Ratings**<sup>1</sup> for the Bank Loan Facilities of Prakash Ply Exim Pvt Ltd. (*PPEPL or the 'Company'*)

Facility	Limits (₹ Cr)	Tenure	Ratings
Fund Based: <b>Cash Credit</b>	<b>12.00</b>	Long Term	<b>BWR BB</b> (BWR Double B)  <b>(Outlook: Stable)</b>
Non Fund Based: <b>Letter of Credit</b>	<b>8.00</b>	Short Term	<b>BWR A4</b> (BWR A Four)
<b>Total</b>	<b>20.00</b>	<b>(INR Twenty Crores only)</b>	

BWR has relied upon the audited results of the Company for three years up to FY13, projected financials up to FY15, information/clarification provided by the Company and available from public sources.

The ratings assigned to the bank facilities of *Prakash Ply Exim Pvt. Ltd.* factors primarily the growth registered in turnover, moderate net worth, experience of the promoters in the line of business, established relationship with its suppliers and customers and low gearing level. However, the rating is constrained by low profitability margins inherent to trading, modest scale of operations, high level of competition from other players.

### Background

Kolkata based *Prakash Ply Exim Private Limited (PPEPL)* was incorporated on March 31, 2005. The Company was promoted by Mr. Satya Prakash Pandey along with his brother Mr. Ram Prakash Pandey. The Company is engaged in trading of timber, sawn timber, plywood, core veneer and block board.

The Company has established itself as a well-known dealer in the plywood and veneer trading industry in Eastern India. Strong dealer and customer relationships helps PPEPL bag regular orders from its customers thereby leading to strong year on year growth in revenue. Over the years PPEPL has retained reputed customers portfolio and dealers like Tree House Education, Jai Salasar Balaji Plywood, S.B.Traders, Swadesh Plywoods Pvt. Ltd, Shree Krishna Timber Co Pvt. Ltd, and Om Plywoods Pvt. Ltd etc.

<sup>1</sup> Please refer to [www.brickworkratings.com](http://www.brickworkratings.com) for definition of the Ratings

## Management Profile

PPEPL is a closely held Pvt. Ltd Company. The promoters have experience of over three decades in the timber and plywood industry through its associate companies. Mr. Satya Prakash Pandey (47 years) is the Managing Director and his brother Mr. Ram Prakash Pandey is a Director of the Company.

## Financial Performance

PPCPL has shown a consistent growth in the top line for the last 03 consecutive years. It has recorded turnover of ₹122.98 Crores with a 23.42% growth during FY2013 over the previous year. Profit margin in trading business is small, and the Company's PAT was around ₹1.16 Crs. The Net worth as on FY13 was ₹18.75 crs, but as the company does not have any term loan borrowing, the Debt: Equity ratio continued to be satisfactory. As on October'13 the Company achieved a turnover of ₹91.33 Crs for FY14.

## Rating Outlook

Being in the trading industry, the prospects of PPEPL would depend upon its ability to cope up with the changing market scenario. The ability of PPEPL to profitably scale up its operations in the light of intense competition, further improve the net worth and margins and efficiently manage its working capital will be the key rating sensitivities

<b>Analyst Contact</b>	<b>Relationship Contact</b>
<a href="mailto:analyst@brickworkratings.com">analyst@brickworkratings.com</a>	<a href="mailto:bd@brickworkratings.com">bd@brickworkratings.com</a>
<b>Phone</b>	<b>Media Contact</b>
<b>1-860-425-2742</b>	<a href="mailto:media@brickworkratings.com">media@brickworkratings.com</a>

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